

The current measurement of poverty in the United States was developed in 1963 and essentially takes the minimum cost to feed a family of four and multiply that number by three, a formula that is essentially flawed in that the cost of food is only about a seventh of household expenses, the formula doesn't allow for regional differences and other factors of life today.

Christian Science Monitor; Jan. 17

from the January 16, 2008 edition - <http://www.csmonitor.com/2008/0116/p08s01-comv.html>

That elusive poverty line

New York's mayor sets a worthy task of calculating a more accurate measure for poverty.

It's hard to reduce poverty when you don't measure it well. That's the message from New York Mayor Michael Bloomberg, who has attacked the federal method of setting "the poverty line." The method hasn't changed since 1965 and few experts defend it. So why is it still used in so many antipoverty programs?

The mayor, who is launching dozens of programs to help the poor, said last month that he wants New York City to come up with a statistical standard of its own that reflects real – and ever-changing – conditions for the less well-off.

The Bloomberg challenge (in how to calculate poverty, not whether he will run for president) should be taken up by all mayors and governors who want to find out if their own attempts to combat poverty actually work. An accurate method would also help many of the growing number of private initiatives that also provide a social safety net.

Without such a grass-roots movement, the long political stalemate in Washington over adopting a new poverty standard may simply go on. And millions of people who may not be eligible for government help under the current standard will continue to be on the federal dole, while millions of others who may be deserving are denied.

The current US "poverty threshold" for a family of four is \$20,650. Such a figure is based on a simple formula: Calculate the minimum cost to feed a family and multiply by three. This attempt to measure material deprivation was designed in 1963 by Mollie Orshansky, then of the Social Security Administration, and since used by the Census Bureau and in most federal programs such as Medicaid and food stamps as the criteria for eligibility.

But "Mollie's Measure" is greatly flawed, as a 1995 study by the National Academy of Sciences pointed out. For one, food is now only about one-seventh of household expenses, not a third. The measure doesn't allow for cost differences between regions. Or the fact that more people commute longer distances. Or that more live with nonrelatives, sharing expenses and income.

It doesn't account for taxes paid or all sorts of cash and noncash government assistance, such as free school lunches for poor children, and free housing and child care, or the money received under the Earned Income Tax Credit. All that assistance adds up to about \$600 billion not counted in poverty data.

So when the Census Bureau announces the "official poverty rate" (12.3 percent in 2006), it's a difficult figure to swallow. More important, it's difficult to know if the trillions of dollars already spent to combat poverty actually worked, or which programs work better than others.

The Census Bureau has tried to develop new ways to measure poverty, and at least one bill in Congress would mandate a new official method closer to reality. The United States needs a new system that Americans can understand and will accept. Elected officials should pass this task to an independent panel of experts and then accept its recommendations.

Many individuals, private activist groups, and government agencies want to keep the current method out of fear of losing money. But such inertia only feeds the kind of cynicism heard in that famous Ronald Reagan quip: "We declared war on poverty, and poverty won."

The poor deserve better.